

**State of California
Department of Insurance**

INITIAL STATEMENT OF REASONS

**AMENDMENT TO THE CALIFORNIA CODE OF REGULATIONS
TITLE 10, CHAPTER 5, SUBCHAPTER 1, ARTICLE 1**

**STANDARDS FOR APPROVAL AND DISAPPROVAL
OF NAMES OF INSURANCE PRODUCERS**

Date: June 30, 2006

INTRODUCTION

Pursuant to Insurance Code sections 790.010 and 1724.5 we are proposing revisions to California Code of Regulations, Title 10, Chapter 5, Subchapter 1, Article 1, §§ 2052.1 and 2052.4 (the “Standards for Approval and Disapproval of Names of Insurance Producers” Regulation), which have been in effect since October 1, 1973. The Commissioner believes it is necessary to revise the California Code of Regulations, particularly since the existing regulations have not been updated since their initial enactment, the public is currently being misled by the use of certain names as insurance producers, the desire to reduce the number of rejected producer name applications, and to improve the transparency of government by disclosing the existing process used by the California Department of Insurance in evaluating proposed producer names for approval.

It can be beneficial to insurers, producers, and consumers when administrative costs related to compliance with regulatory requirements imposed are clarified. The proposed regulations tend to serve this purpose by ensuring that California’s regulatory requirements in this area reduce misinterpretation and confusion by consumers and streamline the name approval process for producers. To the extent that producers, operating in compliance with California law, are able to devote additional resources — resources which would otherwise be expended submitting multiple name approval applications — to improving their financial stability or providing better products to consumers, everyone stands to benefit. The proposed regulations are reasonably necessary to the degree to which they help to achieve progress toward this goal.

SPECIFIC PURPOSE AND REASONABLE NECESSITY

The specific purpose of each adoption and the rationale for the Commissioner’s determination that each adoption is reasonably necessary to carry out the purpose for which it is proposed are set forth below:

§ 2052.1 Proposed Name Too Similar to Name Already in Use or Under Reservation

The existing language in this section has not been modified, except to the extent that the following new sentence be added to the end of the section:

Similarity is determined by comparing the first two, or more, words, initials, and/or numbers in the proposed name, with any or all of the words, initials, and/or numbers of all existing approved names.

This change has been made in order to provide prospective insurance producers, as well as existing insurance producers that desire a change in his/her/its business name, with a better understanding of the process used by the Insurance Commissioner in evaluating proposed names. The new language merely makes the current government process more transparent by disclosing the existing process used by the Department of Insurance during the name approval process.

§ 2052.4 When Proposed Name Is Misleading

Subdivision (c)

The regulation has been clarified splitting the existing subdivision (c) into two subdivisions – (c) and (d). Under subdivision (c) we are adding three separate subsections which specify the circumstances under which a name would be considered misleading because the “name fails to state or clearly indicate that the applicant or licensed producer is or will be an insurance producer by any of the following:” (11 CCR 2052.4).

Subsection 1

The proposed language in this subsection is as follows:

Failing to include in its name the word “insurance” followed by one of the following definitive words: “agency”, “services”, “marketing”, “sales”, “solutions”, “center”, and under certain conditions “broker”, “brokers”, “brokerage”, & “associates”.

This change has been made in order to provide prospective insurance producers, as well as existing insurance producers that desire a change in his/her/its business name, with an awareness that the Insurance Commissioner’s position is that any name that fails to include the above-referenced proposed language is inherently misleading because it fails to patently inform the public that it is an insurance-related business.

Subsection 2

The proposed language in this subsection is as follows:

An administrator or applicant for an administrator certificate that fails to include one of the following words in its name: “administrator”, “administrative”, or “administration”.

This change has been made in order to provide prospective insurance administrators, as well as existing insurance administrators that desire a change in his/her/its business name, with an awareness that the Insurance Commissioner’s position is that any name that fails to include the above-referenced proposed language is inherently misleading because it fails to patently inform the public that it is an insurance administrator business.

Subsection 3

The proposed language in this subsection is as follows:

A bail applicant or bail licensee that fails to include the word “bail” in its name.

This change has been made in order to provide prospective bail agents and solicitors, as well as existing bail agents and solicitors that desire a change in his/her/its business name, with an awareness that the Insurance Commissioner’s position is that any name that fails to include the above-referenced proposed language is inherently misleading because it fails to patently inform the public that it is a bail related business.

Subdivision (d)

Subdivision (d) is created from existing language in subdivision (d) and the split is made to distinguish the circumstances that apply to names that fail to clearly state that the name is related to an insurance producer, and the circumstances that apply to names that imply that a business is not related to the business of insurance. Nearly all of the language currently exists in the regulation, presently under subdivision (c). The only new language can be found in subsection (d)(4)

Subsection 4

Subsection (d)(4) is expanded to state that the “name states or implies, or would lead reasonable persons to infer: (4) That the applicant or licensee is engaged in any other business activity, including but not limited to retail sales or benefits consulting.”

This change is made to ensure that the public is not misled by a name that states or implies that the business is anything but insurance, particularly, but not limited to retail sales and/or benefits consulting. Presently the name would only be prohibited if it states or implies that the business is engaged in retail sales. The Commissioner believes that it is important for the public that any business that transacts insurance products hold themselves out as an insurance business. The current 80% exception would continue to apply.

Subdivision (e)

~~(d)~~ (e) The name makes use of one or more of the following words or phrases in its singular or plural form or a derivation of one or more of such words or phrases:

The language found in the new Subdivision (e) is very similar to the existing language found in subdivision (d). In order to make the regulation more consistent and easier to understand, the Department is proposing to change the regulation so that there is a general reference to any of the prohibited words such that the prohibited word cannot be used in its singular or plural form or a derivation of one or more of such words or phrases. This change does not change existing law, as a plural form of a word is also a derivation, however, the change is made because some of the existing prohibited words are identified in both their singular and plural forms, while other prohibited words are only identified in their singular form. Including this language in the subdivision will allow the regulation to list the prohibited words in a more consistent fashion.

This subdivision has not been changed since its enactment in 1973. Since that time, the financial services industry and the business of insurance has evolved such that names that were misleading in 1973 may no longer be misleading today, and names that are misleading today may not have been so in 1973. Additionally, the Department has received complaints from the public regarding various misleading names from the time of the enactment of the Regulations to the time of filing for this amendment.

The specific reason for adding, deleting or modifying each name is identified below.

(1) “A,” singly or in a series of such capital letters as the initial part of a name;

The existing language has not been modified.

(2) “Advisor” ~~or “Advisors,”~~

The change to this prohibited word is made to delete the reference to the word in its plural form pursuant to the added language prohibiting plural forms in subdivision (e) herein above.

(3) “Advocate”;

This word is added to the regulation because the name implies that the Department has certified, recognized, or endorsed this business as a consumer advocacy organization.

(3) “Agency” unless the licensee holds or is applying for an agent's license;

This word is being deleted because it has become a standard in the industry denoting that the business is an insurance production agency. Moreover, it is now being required under the proposed new language in 2052.4(c)(1), herein above.

(4) “Analyst,” or any derivation unless the licensee holds or is applying for a Life and Disability Analyst License;

The change to this prohibited word is made to delete the reference to the word “or any derivation,” as this language is redundant to the language already found in subdivision (e) herein above, and to allow use of the word by a producer holding a Life and Disability Analyst License which was not offered at the time of the enactment of this regulation..

(5) “Assigned Risk”;

The existing language has not been modified.

(6) “Assurance”;

The existing language has not been modified.

(7) “Broker” or “Brokers” unless the licensee holds or is applying for a broker's license;

The change to this prohibited word is made to move the word from the prohibited list in this subsection, and move it to the improper word list in subdivision (f) because the use of the word would not be misleading as long as the producer holds broker-authority and had a broker's bond on file with the Commissioner.

(7) (8) “Bureau”;

The existing language has not been modified, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

(8) ~~(9)~~ “Cal-Med”;

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

(9) “Certified”;

This word is added to the regulation because the name could imply that the business is certified or endorsed by the Department in any capacity.

(10) “Citius Altius Fortius”;

The existing language has not been modified.

(11) “Compensation”;

The existing language has not been modified.

(12) “Consultant” ~~or “Consultants”~~;

The change to this prohibited word is made to delete the reference to the word in its plural form pursuant to the added language prohibiting plural forms in subdivision (e) herein above.

(13) “Consumer”;

The existing language has not been modified.

(14) “Counselor” or “Counsellor” ~~or “Counsellors”~~;

The change to this prohibited word is made to delete the reference to the word in its plural form pursuant to the added language prohibiting plural forms in subdivision (e) herein above. The change is also made to add an alternate, and presently more popular, spelling form of the word.

(15) “Credit ~~Union~~” unless the licensee is a Credit Union;

The change to this prohibited word is made because the Insurance Commissioner now issues licenses to credit unions and allows credit unions to use their name while transacting insurance.

~~(21)~~ (16) “Department”;

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an

alphabetical order in the regulation.

(17) “Deposit Insurance”;

The existing language has not been modified.

(18) “Education”;

This word was added to the regulation because it implies that the Department has certified, recognized, or endorsed this business as an educational institution and would therefore be providing education rather than or in addition to insurance products/services to the consumer.

(19) “Elder”;

This word was added to the regulation because it implies that the Department has certified, recognized, or endorsed this business as one with particular expertise with respect to senior issues, retirement benefits or financial planning.

(20) “Excess”, unless the licensee holds or is applying for a Surplus Line Broker license;

This word was added to the regulation because the term “excess” as used in the business of insurance is a term of art that is only properly used in connection with surplus lines transactions (exporting business to non-California admitted insurers).

(21) “E&S”, unless the licensee holds or is applying for a Surplus Line Broker license;

This word was added to the regulation because the term “E&S” (meaning Excess & Surplus) as used in the business of insurance is a term of art that is only properly used in connection with surplus lines transactions (exporting business to non-California admitted insurers).

(22) “Expert”;

This word was added to the regulation because it implies that the Department has certified, recognized, or endorsed this business as one with particular expertise in any area.

~~(18)~~ (23) “Federal”;

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an

alphabetical order in the regulation.

~~(19)~~ (24) “Government”;

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(20)~~ “Group”;

The change to this prohibited word is made to move the word from the prohibited list in this subsection, and move it to the improper word list in subdivision (f) because producers have begun to form and/or operate in groups, something that was not identified at the time of the enactment of the regulations. The word is not being eliminated altogether because under certain circumstances, the use of the word could be misleading if it was used to imply that the producer was an insurer and/or it was used to imply that a single entity producer had multiple entities in its business organization.

~~(24)~~ (25) “Indemnity”;

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(22)~~ (26) “Institute”;

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(23)~~ (27) “Insurance” when comprising the last word (e.g., Great Cliff Insurance) or preceding “Company” or “Corporation” or “Incorporated” or “Inc.”, or “Limited” or “Ltd”, or “Limited Liability Company” or “LLC”, or “Limited Liability Partnership” or “LLP”;

The current language exists because use of the word at the end of the producer’s name would imply that the producer is an insurer. The present change is made to add new business entity designations that did not exist and/or were not identified at the time of the enactment of the regulation. Additionally, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(24)~~ (28) “Insurer” or ~~“Insurers”~~;

The change to this prohibited word is made to delete the reference to the word in its plural form pursuant to the added language prohibiting plural forms in subdivision (e) herein above. Additionally, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(25)~~ (29) “Insuror” or ~~“Insurors”~~;

The change to this prohibited word is made to delete the reference to the word in its plural form pursuant to the added language prohibiting plural forms in subdivision (e) herein above. Additionally, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(26)~~ (30) “Investment” or ~~“Investments”~~;

The change to this prohibited word is made to delete the reference to the word in its plural form pursuant to the added language prohibiting plural forms in subdivision (e) herein above. Additionally, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(27)~~ (31) “Investor” or ~~“Investors”~~;

The change to this prohibited word is made to delete the reference to the word in its plural form pursuant to the added language prohibiting plural forms in subdivision (e) herein above. Additionally, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(28)~~ (32) “Life” when comprising the last word (e.g., Acme United Life);

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(29)~~ (33) “Medi” when used as the first part or prefix of a word (e.g., Medical, Medi-Cal, Medifund, Mediplan, and similar combinations);

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(30)~~ (34) “Mortgage Guarantee” or “Mortgage Guaranty”;

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(31)~~ (35) “National”;

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(32)~~ (36) “Nationwide” (except when an agent representing an insurance company whose name contains the word “Nationwide” and the agent is authorized by said company to use the word to identify with such insurer);

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(33)~~ (37) “No Fault”;

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(34)~~ (38) “Olympic”;

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(35)~~ (39) “Olympiad”;

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(36)~~ (40) “Plan”;

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

(41) “Provider”;

This word was added to the regulation because it implies that the producer is an insurance provider (insurer).

(42) “Reinsurance”, unless the licensee holds or is applying for a Reinsurance Intermediary-Broker or Reinsurance Intermediary-Manager license;

This word was added to the regulation because it implies that the producer is an insurance provider that offers reinsurance.

(37) (43) “Reserve”;

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

(44) “Retire”;

This word was added to the regulation because it implies that the Department has certified, recognized, or endorsed this business as one with particular expertise with respect to retirement benefits or financial planning.

(45) “Safe”;

This word is added to the regulation because the name implies that the Department has certified, recognized, or endorsed this business as one that is safe (low risk) for consumers to use.

(46) “Secure”;

This word is added to the regulation because the name implies that the Department has certified, recognized, or endorsed this business as one that is secure for consumers to use.

(47) “Senior”;

This word was added to the regulation because it implies that the Department has certified, recognized, or endorsed this business as one with particular expertise with respect to senior issues, retirement benefits or financial planning.

~~(38)~~ (48) “Social Security”;

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

(49) “Specialist”;

This word was added to the regulation because it implies that the Department has certified, recognized, or endorsed this business as a specialist in any area.

~~(39)~~ (50) “State”;

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(41)~~ “Transcontinental”;

The change to this prohibited word is made to move the word from the prohibited list in this subsection, and move it to the improper word list in subdivision (f) because there may be instances where producers are operating on multiple continents. The word is not being eliminated altogether because under certain circumstances, the use of the word could be misleading if it was used to imply that the producer operated on multiple continents when in fact it only operated on one continent.

~~(42)~~ (51) “Trust”;

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(43)~~ (52) “Underwriter,” “Underwriters” or “Underwriting”;

The change to this prohibited word is made to delete the reference to the word in its plural form pursuant to the added language prohibiting plural forms in subdivision (e) herein above, as well as deleting the reference to the word in a derivative form as this form is already prohibited by subdivision (e) herein above. Additionally, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(44)~~ (53) “United States,” “U.S.” or “U.S.A.”;

The existing language has not been modified, however, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(45)~~ (54) “Veteran” or ~~“Veterans.”~~

The change to this prohibited word is made to delete the reference to the word in its plural form pursuant to the added language prohibiting plural forms in subdivision (e) herein above. Additionally, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

Subdivision (f)

~~(e)~~ (f) The name improperly makes use of one or more of the following words or phrases in its singular or plural form or a derivation of one or more of such words or phrases:

The language found in the new Subdivision (f) is very similar to the existing language found in subdivision (e). In order to make the regulation more consistent and easier to understand, the Department is proposing to change the regulation so that there is a general reference to any of the prohibited words such that the prohibited word cannot be used in its singular or plural form or a derivation of one or more of such words or phrases. This change does not change existing law, as a plural form of a word is also a derivation, however, the change is made because some of the existing prohibited words are identified in both their singular and plural forms, while other prohibited words are only identified in their singular form. Including this language in the subdivision will allow the regulation to list the prohibited words in a more consistent fashion.

This subdivision has not been changed since its enactment in 1973. Since that time, the financial services industry and the business of insurance has evolved such that names that were misleading in 1973 may no longer be misleading today, and names that are misleading today may not have been so in 1973. Additionally, the Department has received complaints from the public regarding various misleading names from the time of the enactment of the Regulations to the time of filing for this amendment.

The specific reason for adding, deleting or modifying each name is identified below.

(1) “Administrators”;

The change to this prohibited word is made to delete the reference to the word in its plural form pursuant to the added language prohibiting plural

forms in subdivision (f) herein above.

(2) “Affordable”;

This word was added to the regulation because it could imply that the Department has certified, recognized, or endorsed this business as one that offers lower priced insurance products, particularly in the bail industry.

(3) “Asset”;

This word was added to the regulation because it could imply that the Department has certified, recognized, or endorsed this business as one that provides financial gains, is a financial institution, or offers estate planning services.

(2) (4) “Associate” or “Associates”;

The change to this prohibited word is made to delete the reference to the word in its plural form pursuant to the added language prohibiting plural forms in subdivision (f) herein above. Additionally, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

(3) “Benefit” or “Benefits”;

This word is being deleted because since the enactment of the regulation, the Department has not found instances where its use could be misleading to the public and has therefore no conditions have ever been imposed upon its usage.

(5) “Broker”;

The change to this prohibited word is made to move the word from the prohibited list in the above subsection and into subsection (f) because the use of the word would not be misleading as long as the producer holds broker-authority and had a broker’s bond on file with the Commissioner.

(4) (6) “California”;

The existing language has not been modified, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

(5) (7) “Care”;

The existing language has not been modified, the number corresponding to

the prohibited word has been modified to maintain an alphabetical order in the regulation.

(8) “Cash”;

This word was added to the regulation because it could imply that the Department has certified, recognized, or endorsed this business as one that offers discounted insurance products or services for using cash during the insurance transaction, particularly in the bail industry.

(9) “Cheap”;

This word was added to the regulation because it could imply that the Department has certified, recognized, or endorsed this business as one that offers lower priced insurance products or services, particularly in the bail industry.

~~(6)~~ (10) “City”;

The existing language has not been modified, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(7)~~ (11) “Company”;

The existing language has not been modified, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

~~(8)~~ (12) “Consolidated”;

The change to this prohibited word is made to delete the reference to the word in its derivative form pursuant to the existing language prohibiting derivative forms in subdivision (f) herein above. Additionally, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

(13) “Cost”;

This word was added to the regulation because it could imply that the Department has certified, recognized, or endorsed this business as one that offers low cost insurance products or services, particularly in the bail industry.

~~(9)~~ **(14) “County”;**

The existing language has not been modified, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

(15) “Discount”;

This word was added to the regulation because it could imply that the Department has certified, recognized, or endorsed this business as one that offers discounted insurance products or services, particularly in the bail industry.

~~(10)~~ **(16) “Enterprises”;**

The change to this prohibited word is made to delete the reference to the word in its plural form pursuant to the added language prohibiting plural forms in subdivision (f) herein above. Additionally, the number corresponding to the prohibited word has been modified to maintain an alphabetical order in the regulation.

(17) “Entitlement”;

This word was added to the regulation because it could imply that the Department has certified, recognized, or endorsed this business as one that provides financial gains, is a financial institution, or offers estate planning services.

(18) “Equity”;

This word was added to the regulation because it could imply that the Department has certified, recognized, or endorsed this business as one that provides financial gains, is a financial institution, or offers estate planning services.

(19) “Estate”;

This word was added to the regulation because it could imply that the Department has certified, recognized, or endorsed this business as one that provides financial gains, is a financial institution, or offers estate planning services.

(20) “Franchise”;

This word was added to the regulation because it implies that the producer is a franchise or franchisee, and would be misleading if the licensee was

not part of a franchised business organization.

(21) “Group”;

The change to this prohibited word is made to move the word from the prohibited list in subsection above, and move it to the improper word list in subdivision (f) because producers have begun to form and/or operate in groups, something that was not identified at the time of the enactment of the regulations. The word is not being eliminated altogether because under certain circumstances, the use of the word could be misleading if it was used to imply that the producer was an insurer and/or it was used to imply that a single entity producer had multiple entities in its business organization.

(22) “Legal”;

This word was added to the regulation because it implies that the producer offers legal-related insurance products or services, and would be misleading if the licensee did not in fact offer such legal products or services.

(23) “Long Term Care”;

This word was added to the regulation because it implies that the producer offers long term care insurance (which is limited to certain license types), and in order for a licensee to offer long term care insurance, the licensee must first complete specific continuing education requirements.

(24) “Money”;

This word was added to the regulation because it could imply that the Department has certified, recognized, or endorsed this business as one that offers discounted insurance products or services depending on the form of the money used during the insurance transaction, particularly in the bail industry.

(25) “Mature”;

This word was added to the regulation because it could imply that the Department has certified, recognized, or endorsed this business as one with particular expertise with respect to senior issues, retirement benefits or financial planning.

(26) “Price”;

This word was added to the regulation because it could imply that the

Department has certified, recognized, or endorsed this business as one that offers low price insurance products or services, particularly in the bail industry.

(27) “Protection”;

This word is added to the regulation because the name could imply that the Department has certified, recognized, or endorsed this business as a consumer protection organization.

(28) “Securities”;

This word is added to the regulation because the name could imply that the Department has certified, recognized, or endorsed this business as a business offers financial planning or investment services.

(29) “Tax”;

This word was added to the regulation because it could imply that the Department has certified, recognized, or endorsed this business as one that has particular expertise in the area of tax, and would be misleading if the licensee was not a tax attorney, c.p.a. or enrolled agent.

(30) “Transcontinental”.

The change to this prohibited word is made to move the word from the prohibited list in the subsection above, and move it into the improper word list in subdivision (f) because there may be instances where producers are operating on multiple continents. The word is not being eliminated altogether because under certain circumstances, the use of the word could be misleading if it was used to imply that the producer operated on multiple continents when in fact it only operated on one continent.

ECONOMIC IMPACT ON SMALL BUSINESS

The Commissioner has identified no reasonable alternatives to the presently proposed regulations, nor have any such alternatives otherwise been identified and brought to the attention of the Department, that would lessen any impact on small business. Indeed, the proposed regulations are not anticipated to affect small business. Although performance standards were considered as an alternative, they were rejected, in part, because the kind of risks from which the regulations seek to protect consumers cannot practicably be gauged by means of a performance standard.

IDENTIFICATION OF STUDIES

There are no specific studies relied upon in the adoption of the proposed regulations.

SPECIFIC TECHNOLOGIES OR EQUIPMENT

Adoption of these regulations would not mandate the use of specific technologies or equipment.

ALTERNATIVES

The Commissioner has determined that no reasonable alternative exists to carry out the purpose for which the regulations are proposed.

PRENOTICE WORKSHOP FOR DISCUSSIONS

The Commissioner conducted prenotice public discussions pursuant to Government Code section 11346.45 on September 2, 2005. Input obtained during the workshop was considered in formulating the proposed revisions.